HUMAN EVENTS

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News Section *Printed in Two Sections*

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Formosa Bulletin: Passed about in the Capital is the news that the United States, several days prior to Ike's public announcement, quietly notified all interested governments that America definitely would fight for Quemoy and the Matsus off the China Coast. This intention was imparted to the Red Chinese—via the Pakistani Ambassador in Peiping—and to the Soviet Union.

Along diplomatic row, repercussions of this warning became evident within 24 hours. Foreign diplomats friendly to America quoted Red satellite sources as affirming that Communist China would not push the situation into all-out war—for whatever such assurances are worth, commented these friends of the US. The Red sources added, significantly, that a Summit conference would resolve the impasse—thus suggesting a renewed propaganda drive by Moscow for a high-level meeting to reduce tensions.

What Will the Court Say? Disputation reigns over club luncheon tables and cocktail bars, as Capital circles seek to foretell what decision the Supreme Court will make on the red-hot Little Rock, Arkansas, "civil rights" question. Opinion divides along two lines: one, a legalistic analysis favored by lawyers and by this time rather widely noticed in the press; the other, a political view, so far never examined in any public print save HUMAN EVENTS.

The first view holds that the Court will unanimously reaffirm its decision of May 17, 1954, by demanding immediate integration of Little Rock high school. Those supporting this argument cite the questioning of the Justices at the first hearing of the present matter, ten days ago, when they showed extreme hostility to the attorney representing the Little Rock school board.

The opposing argument brushes aside legal disputation and considers the High Court as a human agency, subject to concern over its own power *vis-a-vis* the two other arms of the Federal establishment: the Executive and Legislative.

This contention is that the primary concern of the Nine (and/or their influential "law clerks") is to maintain the power of the Court. Two weeks ago, it is pointed out, the Court narrowly missed having its power sharply reduced when the Senate by only one vote *defeated a measure (already passed in similar form by the House of Representatives) designed to cut down a position built up—arrogantly, say its critics—under the leadership of Chief Justice Earl Warren. The old comment of Finley Peter Dunne's Mr. Dooley—many observed at the time—might well be altered to read: "The Supreme Court reads the voting figures in the* Congressional Record." *Thus, the second view holds that a modification of the Court's position might be forthcoming.*

● Have such considerations proved compelling before? Yes, say proponents of argument No. 2. Prior to the Supreme Court's 1952 ruling on Truman's seizure of the steel mills, HUMAN EVENTS sampled predictions as to what the decision would be. One analysis, differing from any other appearing at that time, ran as follows: "A collectivistic philosophy among Court members . . . is all very well, but the same members remain humanly jealous of their own power. Indeed, from the narrow standpoint of 'power,' it would be logical for the Court to side with the Legislative arm, in a two-arm front to check the swelling power of the Executive" (HUMAN EVENTS, May 14, 1952).

The Court, in a surprise decision, subsequently ruled against Truman—suggesting that considerations directly affecting the Court (such as the 41-40 Senate vote of recent days) may be more influential than ideological leanings when the chips are down in the present crisis.

Florida: Unfolding in the last days of a hard-fought Democratic primary campaign in Florida was an amazing story reflecting the methods which come into play when left-wing forces set out to purge conservative legislators from the halls of Congress. Florida's senior Senator, Spessard Holland, is a noted conservative marked for extinction by the AFL-CIO Committee on Political Education (COPE). (See HUMAN EVENTS for April 7, 1958.)

In a story receiving no attention at all in the Northern press, the *Tampa Tribune* recently quoted a former labor leader as saying that he had been present at a Miami meeting last year with Senator Claude Pepper, Holland's left-wing opponent, and four of the Nation's top union officials: George Meany, Walter Reuther, James Carey and David McDonald. "It was agreed," states the *Tribune's* source, "that we wouldn't make the same mistake we did in 1950"—when labor forces swarmed into Florida to help Pepper, then in the Senate, against George Smathers. "They were labelled labor goons, and we ended up hurting Claude more than we helped him." Labor's aid to Pepper this year, said the ex-union leader, was to be strictly financial.

This story broke simultaneously with the revelation, in Florida newspapers, that $25,000 of recently reported donations to Pepper's campaign are highly suspect as to their source. Pepper gave the names of 100 donors for the sum, but it developed that none of these benefactors were listed in Florida telephone directories. Two donors of $1000 apiece, and several of $500 apiece, did not have telephones!

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Some alleged donors, when contacted, denied having contributed to Pepper's campaign. "If I had $500," said one, "I would build a new room at my house." The sister of another supposed contributor—listed as giving $100—stated: "I had to loan him $10 this week so he could get back to his welding job in Sanford."

Where, ask newsmen following the Florida race, did the $25,000 come from? Is COPE going underground with its contributions in conservative areas, to avoid stigmatizing candidates as tools of the labor bosses? To date the important news media of the North have remained mute on the whole issue. What would have been their approach—it is asked—if similar irregularities had popped up on the Holland side of the campaign?

More on Formosa: The only thing that can upset America's pledge to protect Quemoy, say diplomatic sources, is a last-minute hesitancy on the part of Eisenhower—a possibility which is still not ruled out. It is certain that the Administration's appeasement forces—who are having their way in US policy at almost every other spot on the globe—are focussing, and will continue to focus, every available pressure on the President.

Within the Administration, Secretary of State Dulles has been strong for holding Quemoy and the Matsus. He is backed by the military, who are confident of the outcome of any US-Communist encounter there. One high-ranking officer expressed himself as follows: "I hope they start something. We have told the British that the Chinese Reds face massive retaliation if they attack the islands. The Soviets have 75 subs in the neighborhood, but we have anti-submarine devices so perfected that our fleet is in no danger." It would cost the Reds 250,000 casualties to take Quemoy—so estimates the Pentagon.

● The importance of Quemoy, say correspondents who know the Far East well, is widely misrepresented in current commentary. Far from a meaningless and untenable island outpost, Quemoy is the heart and soul of the defense of Formosa. To abandon it is to signify that the free world has no intention of freeing China of Red domination—a serious blow to the will to resist of the enslaved Chinese masses. Moreover, to abandon Quemoy is in effect to abandon Formosa itself.

Here is the way Far East experts sum it up: if the US allows the Reds to capture Quemoy and the 65,000 Nationalist soldiers there, Chiang will be through in 48 hours. The Chinese on Formosa, seeing for the last time that the United States lacks the nerve to fight, will abandon all hope, seeking an accommodation with the Reds. The "domino effect" of this surrender would be catastrophic: Premier Kishi of Japan, who has turned a cold shoulder to Red China, would go under. So would Diem in South Viet Nam. So would Thailand. Even the Philippines would be in serious danger.

● Capital newsmen are keeping their antennae out for signs of British pressures on the Administration to back down in the Formosa Straits. It would not be the first time that the British tail has wagged the US dog in the matter of China policy. Anti-Communists, however, are encouraged by the news that Prime Minister Harold Macmillan, on his recent trip to the Capital, spoke harshly of Britain's experience with the Red Chinese. Those to whom he talked inferred from his remarks that he might favor an eventual withdrawal of British recognition from the Peiping regime. It is said, however, that Macmillan lacks the determination to stand up to the radical advocates of surrender in the Labor opposition.

Integration: A revelation which Southern legislators interpret as evidence that last year's Federal invasion of Little Rock, Arkansas, was a long-planned move, rather than the immediate result of a "crisis," was made at the end of the recent session by Representative E. L. Forrester (D.-Ga.). In a letter to Army Secretary Wilbur Brucker, Forrester inquired about reports that Major General Edwin A. Walker—later commander of the Little Rock occupation troops—had been apprehended by the city's police in the Central High School area, dressed as a civilian.

A reply came from the Department of the Army, stating that, prior to the President's troop order, "General Walker, dressed in civilian clothes, was stopped near Central High School, as were other citizens."

● One of the chief "liberal" arguments in the segregation controversy is that "world opinion," emanating from the "underdeveloped" countries and our allies in Europe, emphatically disapproves of the Southern practice of racial separation. This argument had a peculiar look last week as race riots surged through the streets of Great Britain—where reside some of America's most self-righteous critics.

The English press has long condemned US "intolerance" on the race question; but England has shown its own capacity for bias on the occasion of a slight influx of colored population. The flow of Negro immigrants and the attendant violence have spurred members of Parliament to call for a "color bar" on Negro and Asian immigration.

In the American South, it is noted, Negroes compose up to half the population in many areas. Yet the region is almost totally devoid of the kind of mass bloodshed that has ripped Great Britain. By way of contrast, there are only about 190,000 non-whites in Britain's population of 50 million—less than one-half of one per cent.

Legion Convention: Particularly noted in the round of oratory at the American Legion Convention in Chicago last week were the stirring words of two past National Commanders of the Legion, Donald R. Wilson and W. C. Daniel. Wilson, author of the recent HUMAN EVENTS article, "America's Call to Honor" (July 28, 1958), told the Legion auxiliary that fear and emphasis on "personal security" were eroding the foundations of American strength. Calling for an end to indecision and weakness in American policy-making, Wilson declared: "As long as our policies are based on fear of what the enemy may do, they will never be dynamic enough to command respect."

Past Commander Daniel scathed the left-wing Supreme Court of Earl Warren, presaging the Convention's resolution urging that the Court be curbed. In a clear reference to the now-famous story of Warren's appointment to the Court (first revealed in "The Web of Warren," by Frank C. Hanighen, appearing in HUMAN EVENTS for January 5, 1958), Daniel stated:

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"It was inconceivable to the Founding Fathers that appointment to the Supreme Court would become a political plum. . . . But this is exactly what has happened, and because of this fact we are now faced with a constitutional crisis which steadily worsens with each passing year."

Daniel urged a return to constitutional Government "by demanding that the Congress place these men of little restraint into a legislative strait jacket from which there is no escape."

Foreign Aid: Americans have been told, from year to year, that the foreign-aid burden they are asked to bear is in the neighborhood of $3 billion to $4 billion. This year, for example, the figure being used is $3.3 billion—the price tag that appears on the Administration bill authorized by Congress.

Even this sum, say foreign aid critics, is a needless extravagance which should be cut approximately in half. But, they add, it is still a falsification of the amount of American treasure that is funneled abroad annually to keep our foreign pensioners happy. For more than twice the announced sum is ticketed for foreign giveaways, by way of camouflaged appropriations.

These "hidden" funds are squeezed out of the taxpayers by various bureaucratic gimmicks, as follows:

- $2 billion—for the Export-Import Bank, authorized this year by Congress.
- $2.25 billion—additional authorization for the farm-disposal program, okayed by Congress.
- $2.75 billion—predicted additional funds to be made available to the World Bank and the International Monetary Fund.

"Taken all together," comments *The New York Times*, "this array of programs and institutions makes quite a package. Leaving out the military portion of the foreign-aid bill, and leaving out the still-unformed International Development Association, it comes to about $7.3 billion, enacted or proposed this year, plus the $2.5 billion stand-by commitment to the World Bank. The great bulk of this money is intended for the underdeveloped countries."

Trade With Reds: In a speech before the American Bar Association in Los Angeles recently, Madame Chiang Kai-shek touched upon one aspect of free world trade with Communist countries which is little noted in "liberal" propagandizing on the subject: that a stoppage of East-West trade would harm the free world very little economically, but might well have fatal effect for the Reds.

"All told," she said, "the Soviet market constitutes less than 2.9 per cent of total world trade. This suggests that cutting off this trade would deal the Communist group of countries a severe blow, for it means the difference between having desperately needed supplies or none of these items at all, whereas the free world can well do without what it imports from the Soviet countries."

- One sidelight to the trading-with-the-Reds controversy is the experience of Great Britain. Motivated by a desire for trade outlets, the British rushed to recognize Red China in 1949. Subsequently, they found that the Chinese wanted to convert their economy to the manufacture of the very goods that England was interested in selling. Now the Reds seem interested mostly in buying capital goods—for use in further manufacture of their own—and in paying for them via credit arrangements extending over 20 years or so.

Brussels Fair: An expert judgment was rendered last week on the showmanship that went into America's exhibit at the World Fair in Brussels, Belgium. Capping the criticism that has mounted against the flop US entry into the international conclave, showman Billy Rose declared that the US pavilion in Brussels "was the prettiest candy box at the Fair. Unfortunately, the candy inside the box was penny candy."

The pavilion, Rose added, "said very little, especially about the shake that the average man gets in our country. I expected to see a dramatic presentation of America's contribution to contemporary life in freedom, culture, science, industry and good living. What I saw was a hodgepodge that said none of this effectively." (For a final recap on the disastrous US entry at the Fair, see "Our Flop at Brussels," by Denny Griswold, on page 4 of this News Section.)

Education Front: Post-mortems on the education bill passed at this session conclude that it is in many respects a worse piece of legislation than its critics had at first supposed. Those attacking the bill cite these two cases in point:

(1) The bill proposes to strengthen US studies in math and science. Yet, by authorizing Federal surveillance of them, it insures that these two subjects, hitherto relatively free of such contamination, will be put under the "progressivist" control of the US Office of Education. Instead of helping math and science, the bill attempts to submerge them in the tide of "life adjustment."

(2) The ulterior motives of those pressing for programs of "guidance and counselling," as explored in recent issues of HUMAN EVENTS, are becoming more and more apparent. These projects were allegedly included in the bill to facilitate choice of students worthy of receiving Federal scholarships. Yet, as the bill finally passed, the scholarship feature had been removed, while the guidance and counselling stayed in. The educationists shed few tears for the deceased scholarship program, but hail the bill for the "broader purpose" it will serve. "Some Office of Education officials," reports *The New York Times*, "think the measure's greatest contribution may be the spreading of testing and guidance-counselling programs through every state."

JAMES T. PATTERSON, M.C., Fifth District, Connecticut: "I am a constant reader of HUMAN EVENTS. It is a well edited factual reporting job. I think it is the best newsletter put out in Washington."

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Our Flop at Brussels: The Final Verdict

By DENNY GRISWOLD

In its issue of April 14, 1958, HUMAN EVENTS *carried an article entitled "Bureaucrats and the Brussels Fair," by columnist Dillard Stokes, foretelling how and why America's exhibit at the World's Fair in Brussels, Belgium, would be a resounding failure. Now, as the Fair draws to a close, the following on-the-spot survey confirms that early prediction in full.*

BRUSSELS, BELGIUM—It is fortunate for the USA and the rest of the free world that the outcome of the cold war will not be determined solely by the impact of the USA and USSR pavilions at the World's Fair here. If it were, the USA would lose by a wide margin.

Even before one enters the USSR pavilion, Russia starts telling her story. Outside the buildings are displays of mighty pieces of machinery, eloquent testimony to Russia's growing economic strength. There's direct propaganda, too. For example, alongside a large exhibit of modern coal-mining machinery one can read on huge bulletin boards that the state is beneficent and concerned for the welfare of its people. The copy asserts that miners' salaries have increased 293 per cent between 1940 and 1957, that they get paid vacations, that schools for study and training are maintained, that workers get free medical treatment, trips to vacation resorts, and retirement pay.

It is impossible to see the pavilion without admiring the Russians' masterful use of exhibit techniques, by which they make sure the public sees what they want it to see. A monumental statue of Lenin dominates the entire scene and his preachments are visible in large type in every part of the pavilion. All visitors are told through bold letter, dramatic pictures, and other visuals that the USSR offers freedom of speech, press, assembly, *etc.*; is opposed to war; is dedicated to a reduction of armaments; and aspires "to create a system of collective security in Europe and Asia."

Visitors also see hard-to-dispute signs of industrial, scientific, and economic progress. Many (for the Western world, far too many) come away with an impression that Russia provides a full, joyous, and satisfying life. For example, there's a display of a furnished apartment, "designed for a family of three or four" which implies that its equipment and decor (modern, even if inferior to current American standards) are enjoyed by most of the USSR's 200 million people.

Within the beautiful, free-span, circular USA pavilion (85 ft. high and 340 ft. in diameter) are many wonderful things—but they are largely lost in a disorganized maze. Virtually without exception, there is nothing to tell the visitor how Americans benefit from their way of life.

If the visitor comes in through the main entrance, he views what are termed "impressionistic items," supposed to reflect "The Face of America." In this area, occupying about one-third of the main floor, are included an assortment of Americana. A display of campaign buttons carries a placard which says that "American voters treasure the secret ballot, yet they often throw it away by wearing campaign buttons as Election Day draws near."

Tumbleweeds are shown and visitors are told that "in one day, scores—hundreds—can dash across a traveler's path." (Ed. note: will this encourage tourism?) An exhibit of shoes shows "space shoes" (a toy), Indian and Eskimo moccasins, baby booties carrying the initials "ND" for Notre Dame, and a pair of ladies high-heeled red shoes bearing the trademark "Capezio." What kind of pants do Americans wear? According to our exhibit, blue denims and eyelet-embroidered white linen shorts.

While many of the exhibits are commendable, almost all suffer from some sin of omission or commission or from just plain incomprehensibility. There are sophisticated murals which satirize the USA; even astute Americans, well acquainted with their land, cannot decipher some of them. Most of the industrial presentations give good factual information—the kind readily found in textbooks—but offer little explanation of America's role in economic and scientific progress.

Many items of American household equipment are displayed but few carry descriptions of what they are. One woman asked us whether one piece was a dishwashing machine, a freezer, or a clothes washer . . . A display of Sears, Roebuck catalogues—offering an excellent overall view of American plenty for the consumer—is unexplained; since all are in English, their impact will probably be lost on most viewers . . . The electronic exhibits are popular, particularly those for which demonstrators are provided; but the latter are all too few . . . Thirty-three different continuous documentary films give a good cross-section of America—agriculture, highways, costumes, industry, shopping, supermarkets, *etc.*

A SHOWING OF color TV attracts crowds, since this art is still in the experimental stage in most countries . . . But the one truly representative picture of the USA is provided outside the pavilion itself. It is "Circarama," a Walt Disney creation financed by The Ford Motor Company Fund and shown in a separate building nearby. Since the opening of the Fair in April, crowds have been waiting in line to see this 18-minute show in a small circular room. There, on a 360-degree screen, they witness compellingly true-to-life views of American scenes, accompanied by a descriptive sound track which alternates between English, French, and Flemish (but unfortunately skips some key comments in the foreign languages).

In sharp contrast to the Russians' generous distribution of literature is our complete lack of any such activity. There is no giveaway material whatsoever. Only recently, with some financial assistance from a few American companies, a brochure, "This is America," was produced. This, however, costs the visitor 20¢.

Many of those who have had a hand in planning the USA pavilion defend its weaknesses with the comment: "Americans may not like it but we don't think that's important; the Europeans do." Unfortunately, our own inquiries among all classes of attendees failed to support this contention. True, many intellectuals and many ardent friends of America found the "low pressure" approach to be a relief from the usual hard-sell attack. But almost without exception these same people expressed concern lest the less-informed Europeans—particularly people from underdeveloped countries—be won over by the Russian presentation.

Hard-working Howard S. Cullman, US Commissioner General to the Brussels World's Fair, in a speech describing the great opportunity afforded us by the Exposition, "properly handled," warned that: "With bungling we will have a bombshell that will score a resounding victory for the other side." It is disheartening to have to report that the bombshell has exploded.

Denny Griswold is the Editor and Publisher of *Public Relations News*, in which this report originally appeared.

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Article Section I

WILL LABOR UNIONS CLEAN HOUSE?

Legislative Action Is Necessary to Achieve Reform

By DONALD R. RICHBERG

RECENT INVESTIGATIONS concerning the misuse of union funds reveal the need for reforming the conduct of many union officials in dealing with the properties entrusted to their care. It might be expected that labor unions would clean house vigorously after publicity given to this sort of dirt. Yet the persistence of evil practices and the support of wrongdoers in such unions as the Teamsters has shown that even here there is a definite need for public action and lawmaking before there will be substantial progress in reform. Labor organizations afflicted with irresponsible and racketeering officials, entrenched in lawless power, will apparently do little reforming even under pressure.

There is, moreover, a vast field of labor-union activity in which there is no pretense of any intention on the part of labor leaders to do any house cleaning whatsoever. On the contrary, the most powerful and reputable labor unions are demanding most vehemently that they continue to run a dirty business in a dirty house as an absolute right.

Three conspicuous examples of these conditions are compulsory unionism, violent and lawless coercion and monopolistic tyranny. There can be no expectation of cleaning house of these evils so long as they are claimed to be special privileges protected by law. Nothing but new legislation can correct these evils, which are themselves rooted in bad lawmaking.

Consider first the claim that a union can legally force an agreement on employers to discharge any worker who does not join and continue to remain a member of the union which has a monopoly control over all jobs in an industry. The worker must join a union, no matter how offensive to him, or lose his livelihood. This means that the elementary freedom of a man to withdraw from a private association is denied, no matter how offensive its management or policies may be to him. This means that freedom of association, one of the basic freedoms of any free people, is denied to millions of the legally enslaved workers of America.

There was a time, in the early, struggling days of labor unionism, when there was some justification for a closed union shop. A single employer and a union of his employees might find equal advantages in agreeing that only union members should be employed. If workers did not wish to join the union, there were plenty of opportunities for their employment elsewhere. But the situation is entirely different today when a mammoth union, such as one of automobile workers, or steel workers, or coal miners, exercises monopoly power in acting for all the employees of an industry and dominates all the employment opportunities of the industry.

It is claimed that unions should have "liberty of contract" to make a union shop contract if they can coerce an employer to agree with them. But, by the same logic, employers should have liberty of contract to make an anti-union contract if they can force one for their employees. Yet it is practically a universal law that a "yellow dog contract," prohibiting employees from joining a union, is illegal. On the same reasoning a contract compelling employees to join a union should be equally illegal.

There is another tactic of labor unions which the bosses demand freedom to continue, although at the same time hypocritically pretending that they do not practice it. That is the use of physical violence in support of collective bargaining, which is thereby transformed into collective coercion. Behind every peaceful contention in favor of increased wages or improved working conditions is brought in the threat of a violent strike. If an employer submits without opposition to a complete shutdown and makes no effort to operate his plant, even the obvious violence of mass picketing may not be visibly employed. But the threat is ever present and will blossom quickly into violence if employer opposition becomes active.

THE VICIOUS TACTICS employed by the United Automobile Workers against the Kohler Company are defended as a union necessity to deter the employer from active opposition to a so-called "peaceful strike." If Kohler could be successful in keeping his business alive despite a strike, other employers, larger and more powerful, might find the courage and capacity to oppose a strike actively and even to defeat unjust demands. So an example had to be made of all the weapons which a union could employ regardless of legal and moral restraints upon methods of supporting a strike.

Mass picketing is the first illegal tactic openly maintained by union leaders until subjected to judicial restraint. When mass picketing is prevented by law then resort is had to a campaign of private intimidation by goon squads of imported sluggers,

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paint and acid throwers, automobile smashers and tire cutters, window breakers and house bombers.

Insult is added to injury by the hypocritical defense of union officials announcing that they "do not condone violence"—an obvious falsification. Hired criminals move into a conflict. They beat up workers. They assault homes with paint bombs and window smashing. Who pays these men? Who supports their wholesale intimidation of loyal workers? It is an indefensible libel to assert that of their own volition law-abiding workers are transformed by striking into cowardly criminals making sneak attacks on their fellow men.

Here again we have conclusive evidence that labor unions will never clean house except as law-abiding conduct is forced upon them by sterner laws enforced by sterner and more faithful public servants.

There is a third variety of house cleaning needed for labor unions. The bosses vigorously contend that they are and should be invested with a legal right to exercise monopoly powers which are flatly forbidden to industrial management. Unhappily, it is true that the Federal law does authorize limited union monopolies that have been extended by bad judicial decisions to sanctify monopolistic oppressions.

We find the Supreme Court of the United States upholding monopoly contracts by a labor union forced upon helpless or collusive employers which would be clearly illegal if voluntarily made by the employers alone. There is obviously no remedy for such an evil situation except a rewriting of the law by the Congress whose original lawmaking has been perverted to such harmful uses.

There is also need for revision of the original concept that there should be nothing held illegal in the growth of a labor union to an exercise of monopoly power because of its size. The simple fact is that such an industry-wide, nation-wide organization as the United Automobile Workers is in itself a dangerous monopoly that must be either dissolved or regulated to protect the public interest. The ability of one organization to dominate the wage and thereby the price standards of an entire industry is fundamentally a menace to a free economy and necessarily harmful to vital public interests.

WE ARE FACING in this labor problem a new phase of a very old issue. A private monopoly in control of any essential industry is so intolerable that a choice must be made between dissolution and public regulation. We have accepted the value or inevitability of monopoly in the case of public utilities and adopted regulation instead of dissolution. Usually the solution in private industry has been to insist on the preservation of competition. That seems the most practical solution in the field of labor relations. Certainly the unions themselves would prefer to be split up to any effective regulation of collective bargaining.

Of course there are many other reforms in the house of labor that must be brought about some day. The undemocratic organization and operation of many small unions and of all large unions demand reformation to protect the interests of the workers as well as of the public. The helplessness of the individual union members against the racketeers who run many small unions or the adroit labor politicians who manage huge unions is an evil that cries aloud for legal reform.

Cleaning the labor union house by state and Federal lawmaking is a very difficult and complicated job. But it is certain that no such effort will be even vigorously attempted so long as the need for it goes unrecognized or untold by the leading opinion makers of our society. So long as ministers of the gospel, editorial writers, columnists and unionized news writers continue to spread false hopes and meaningless demands that labor unions be given an indefinite opportunity to clean their own houses—just so long will no house cleaning of any substantial value occur.

On the other hand, when the time comes when the opinion makers of the Nation have enlightened themselves and begin to enlighten the public regarding the imperative need for a legal house cleaning of labor unionism, then we may hope to see effective legislation and law enforcement by state and Federal officials who are now blindly or timidly neglecting their public duties.

Donald R. Richberg, one-time chairman of the National Recovery Administration, is one of America's foremost authorities on the subject of labor unions, and is the author of *Labor Union Monopoly: A Clear and Present Danger.* (Regnery). He was a co-author of the famous Railway Labor Act of 1926. His most recent contribution to HUMAN EVENTS was "The Care and Feeding of Labor Bosses," September 21, 1957.

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Article Section II

THE POWER TO DESTROY

Only Drastic Tax Reform Can Preserve Freedom

By WILLIAM HENRY CHAMBERLIN

THE RECESSION touched off a good deal of discussion in and out of Congress about the pros and cons of tax reduction. But what is more important than tax reduction is tax reform, in the sense of a basic overhaul of our methods of raising revenue. The graduated personal income tax at its present levels represents a great victory for European statism and socialism over the American ideal of unlimited individual opportunity. Starting from modest beginnings, it has become an all-devouring Frankenstein's monster, the biggest factor making for the transformation of our traditional individual-centered economy into a state directed set-up.

"The power to tax," said John Marshall, "involves the power to destroy." And what Marshall said was a prophecy of things to come rather than a commentary on conditions at the time of America's founding. Only many decades after Marshall's time were Americans required to pay excessive taxes. In this, as in freedom from compulsory military service, the United States offered a happy contrast to the nations of Europe.

Even during the Civil War, the supreme crisis of American history, rates of personal income taxation were unbelievably mild by modern standards. There was a flat three per cent levy on incomes from $600 to $10,000, and the rates above $10,000 were moderately progressive. Soon after the end of the war, in 1872, the income tax was abolished altogether as inconsistent with the American ideal of unlimited personal opportunity. An attempt to levy a two per cent income tax in 1894 was ruled unconstitutional by the Supreme Court. Only the passing of the Sixteenth Amendment to the Constitution in 1913 fixed the principle of the graduated levy on individual incomes firmly in the American fiscal system.

At first it was a very thin opening wedge for what has developed into a monstrous instrument of fiscal extortion. The standard rate of income tax was one per cent, with exemptions up to $3,000 for single persons and up to $4,000 for married persons. These exemptions were really much higher, because of the severe decline, since that time, in the purchasing power of the dollar. There was a surtax of one to six per cent on incomes in excess of $20,000 (the equivalent of about $53,000 in present-day dollars).

So at first the income tax did not seriously affect the "pursuit of happiness" of many people, although some farsighted members of Congress recognized the danger implicit in giving politicians a lien of indefinite proportions on the earnings of the people. Even these pessimists, one suspects, would have been surprised and shocked by the growth of this burden. In the first year of its imposition the income tax brought in about $80 million. Now American taxpayers are paying over $30 billion annually through this form of exaction. Of course population and real wealth have grown during the last 45 years. But not in the proportion of more than 300 to one.

THE POWER TO TAX has indeed proved the power to destroy. The tremendous increase in the weight of the personal income tax (compounded in many cases by a state income tax) has destroyed for American citizens today many of the precious advantages which their forefathers enjoyed, including:

(1) The personal independence that comes from being able to provide for their years of old age and retirement. Anyone with a medium income can figure out for himself what he has lost, and what his grandfather would *not* have lost, through the exactions of assorted tax collectors. In an age that prides itself on concern for "security," excessive taxation has become a source of extreme insecurity. Money that might have been saved for a "rainy day" is earned, only to be siphoned off by the insatiable state.

As a result the diligent and thrifty individual, instead of being able to take care of himself, as he would prefer, is often reduced to dependence on a Government handout or a company pension. It is hard to measure what has been lost in the inestimable and typically American qualities of independence and self-reliance.

(2) The sense of economic freedom. Americans conquered the wilderness, built great cities and carved out rich farm lands on territory once inhabited by a few nomadic savages. It made itself, in Shakespeare's phrase, the envy of less happier lands, because the American enjoyed the unrivalled incentive of being able to earn what he could and keep what he earned. Now the all-powerful and all-meddling state muscles in like a racketeer, demanding a large first cut of everyone's earnings, a cut that becomes progressively larger as the individual becomes more competent and able to earn more money.

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(3) The spark plug of individual incentive is brought to sputtering extinction by a tax system that treats competence and prosperity as a crime and makes it almost impossible, without inherited wealth, to build up the medium and small fortunes which formerly testified to the vitality of the American way of life.

(4) Morally and fiscally an excessive tax on personal earnings is the worst imaginable form of exaction. It does not commend itself to the individual's sense of what is right and just, the moral sanction that must underlie law, if it is to be effectively enforced. It produces a vast amount of legal, semi-legal and illegal evasion. It can only be enforced at all with the aid of a horde of snoopers and priers.

While it would be utopian to imagine that, so long as the Soviet Communist military threat persists, it would be possible to get along without the income tax entirely, a drastic across-the-board 50 per cent cut would be feasible if two false assumptions were discarded. One is that the current level of Government spending is untouchable. The other is that necessary revenue cannot be raised by other means.

No one who has had even slight acquaintance with Government operations is likely to be convinced that no desirable economies in this field are possible. The monumental reports worked out by the Commission headed by former President Herbert Hoover show the feasibility of billions of dollars in savings in present Government operations. What is lacking is not the possibility to economize, but the will to economize. It is elementary human nature to spend Government money more freely than one's own money. There is certainly room for wholesome saving in mismanaged Government overseas enterprises and in handouts to unfriendly neutralist governments.

Nor is it necessary to rely almost exclusively, as the United States has done, on direct methods of taxation. Heavy direct taxation in Great Britain is supplemented by a steep "purchase" or sales tax. The burden of German taxation is distributed about evenly between direct and indirect levies. Excise taxes of one kind and another provide most of the revenue in France and Italy. The United States, on the other hand, gets over 80 per cent of its Federal revenue from direct levies on individuals and corporations.

A suitable goal for conservatives to aim at would be a flat cut of 50 per cent in present rates of personal income tax, with the lowest rate at ten per cent and a ceiling of 50 per cent on the highest bracket. Such a program of financial reform should also include the repeal of the capital-gains tax, which brings in little revenue and adversely affects the liquidity of the capital market, and the elimination of the clear and flagrant injustice involved in the present double taxation of dividends.

Under present legislation the Government takes 52 per cent of the profits of corporations under the corporation income tax, and then taxes a second time (with a negligible alleviating allowance) as personal income whatever sums are paid to individuals as dividends. In the case of those in the higher tax brackets, this means that the Government, without assuming any of the risks of business operation, confiscates 90 per cent or more of the profits.

The revenue lost by a 50 per cent cut in the personal income tax could be made up in two ways: by economies with real bite, to which the Hoover Commission has pointed the way, and by a ten per cent manufacturers' excise tax, which would yield about $16 billion—approximately the sum that would be lost by cutting the income tax. This rate could be lowered if and as the economies showed results.

Over-taxation has led to the downfall of many once powerful and flourishing states. The sucking up of power, initiative and privately produced wealth into a bureaucratically centralized Government apparatus is a danger signal which has been flying in America with increasing urgency for the last quarter of a century. A decisive downward trend in the burden of a tax which makes a mockery of private property and gives an impersonal state an unlimited lien on the labor and wealth of its citizens would resound through America with the invigorating effect of a new Declaration of Independence. Indeed, American citizens today who resent unjust taxes as much as their revolutionary ancestors might well recall one of the grievances in the original Declaration:

"He [King George III] has erected a multitude of New Offices and sent hither swarms of Officers to harass our people and eat out their substance."

William Henry Chamberlin is a well-known journalist and author of many books, including *America's Second Crusade* (Regnery). His most recent contribution to HUMAN EVENTS was "Uncle Shylock And The Dollar Gap," March 17, 1956.

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